



## McGREGOR W. SCOTT

*United States Attorney  
Eastern District of California*

## NEWS RELEASE

**Sacramento**  
501 I Street, Suite 10-100  
Sacramento, CA 95814  
Tel 916/554-2700  
TTY 916/554-2877

**Fresno**  
2500 Tulare Street, Suite 4401  
Fresno, CA 93721  
Tel 559/497-4000  
TTY 559/497-4500

FOR IMMEDIATE RELEASE

**February 1, 2008**

Docket #: CRS-7-090

Contact: Matthew Stegman  
916/554-2793

<http://www.usdoj.gov/usao/cae>

### **FATHER AND SON SALES AGENTS SENTENCED ON CHARGES OF DEFRAUDING CUSTOMERS**

SACRAMENTO—United States Attorney McGregor W. Scott announced today that KENNETH CERVELLIN, 62, and RONALD CERVELLIN, 47, father and son from the Sacramento area, were sentenced yesterday afternoon by United States District Judge Morrison C. England.

This case was the product of an investigation by the Federal Bureau of Investigation.

According to Assistant United States Attorney Matthew Stegman, who prosecuted the case, KENNETH and RONALD CERVELLIN operated NorCal CSI, a Sacramento area company that acted as an independent sales agent for a credit card processing company. Norcal CSI salespeople solicited new merchants for the processor and assisted merchants in completing the merchant agreements.

Between October of 2004 and February of 2006, KENNETH CERVELLIN defrauded approximately 1,200 merchants that the CERVELLINS had signed with the processor by causing \$25 to be electronically debited from customers' bank accounts without their knowledge or consent. KENNETH CERVELLIN initiated fraudulent \$25 debits each month against 400 to 500 of his 1,200 merchants, rotating the merchants every few months to avoid arousing suspicion. In any three to four month period, most of the 1,200 clients were debited. If a merchant discovered the \$25 debit and complained, the CERVELLINS refunded the money by sending a check through the U.S. mail along with a false explanation, such as the debit was a computer error. The client's manilla file was then marked with a

special orange colored mark to keep track and to avoid falsely billing that client in the future.

RONALD CERVELLIN had knowledge of the fraud, failed to report the fraud to law enforcement, and engaged in conduct designed to cover up the fraud. RONALD CERVELLIN maintained client spreadsheets used to help conceal the fraud, signed and mailed refund checks, and made false statements to the FBI agent investigating the case.

They both pleaded guilty in April 2007 to one felony count each arising out of a scheme to defraud approximately 1,200 customers out of over \$127,513. KENNETH CERVELLIN pleaded guilty to one count of mail fraud, and RONALD CERVELLIN pleaded guilty to one count of misprision of felony.

KENNETH CERVELLIN was sentenced to 15 months in prison, and his son RONALD CERVELLIN was sentenced to three years probation. In addition, both were ordered to pay restitution in the amount of \$39,766. Prior to sentencing, the CERVELLINS had paid \$87,746 in restitution to their victims.

###